

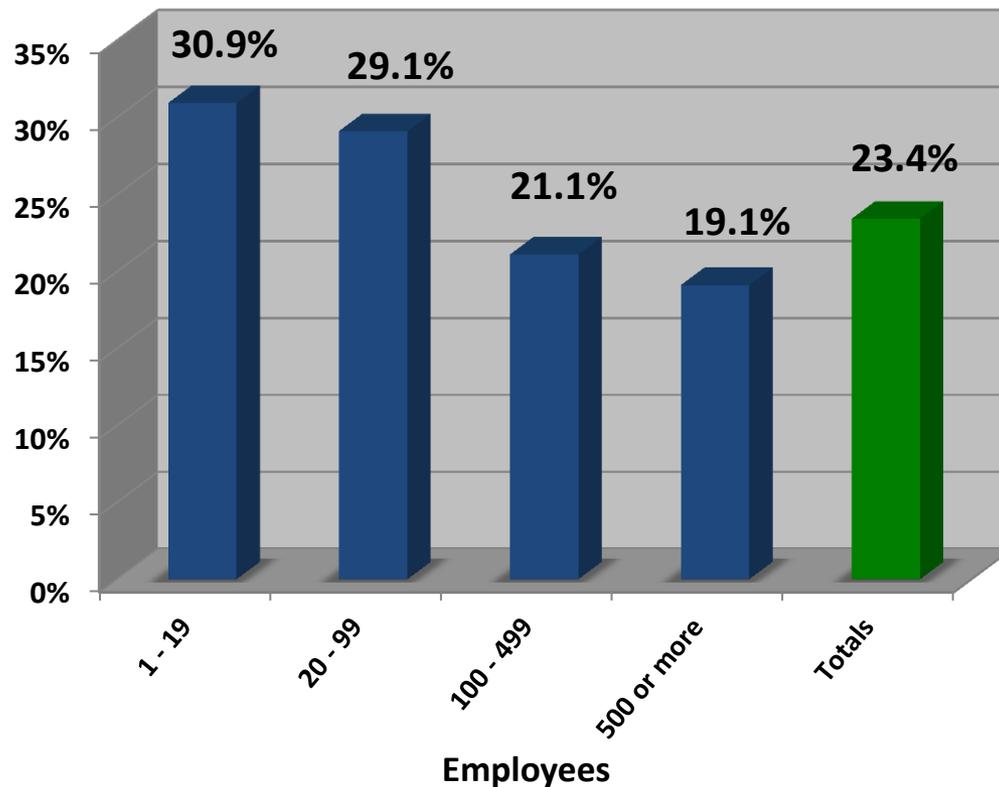
# Taking Charge of Adoption: Strategies for Network Sustainability and Economic Development

## Let's Start With What We Know...

- There is a relationship between broadband and economic development.
- SNG research in the U.S shows...
  - **56% of businesses** and organizations said broadband is **essential** for remaining in current location
  - **56% of households** said they would definitely/likely relocate if broadband was not available
  - **32% of households** work from home or have a home-based business

## ...and Broadband Means Jobs

Broadband is responsible for 23.4% of all new jobs



**Percent of New Jobs  
Related to Internet**  
*By Size of Employer Group*

**Small businesses  
create 12x more  
Internet jobs  
relative to large  
firms**

# Low Network Adoption and Utilization Harms ROI

## Challenge!

When end-users don't see the value of broadband, operators seeing slow adoption of broadband

## Indeed

Why would you need a Porsche to only cruise the driveway to get the mail?

The real question is **HOW** to make broadband relevant to end-users and improve network performance?



## Broadband ...

Availability



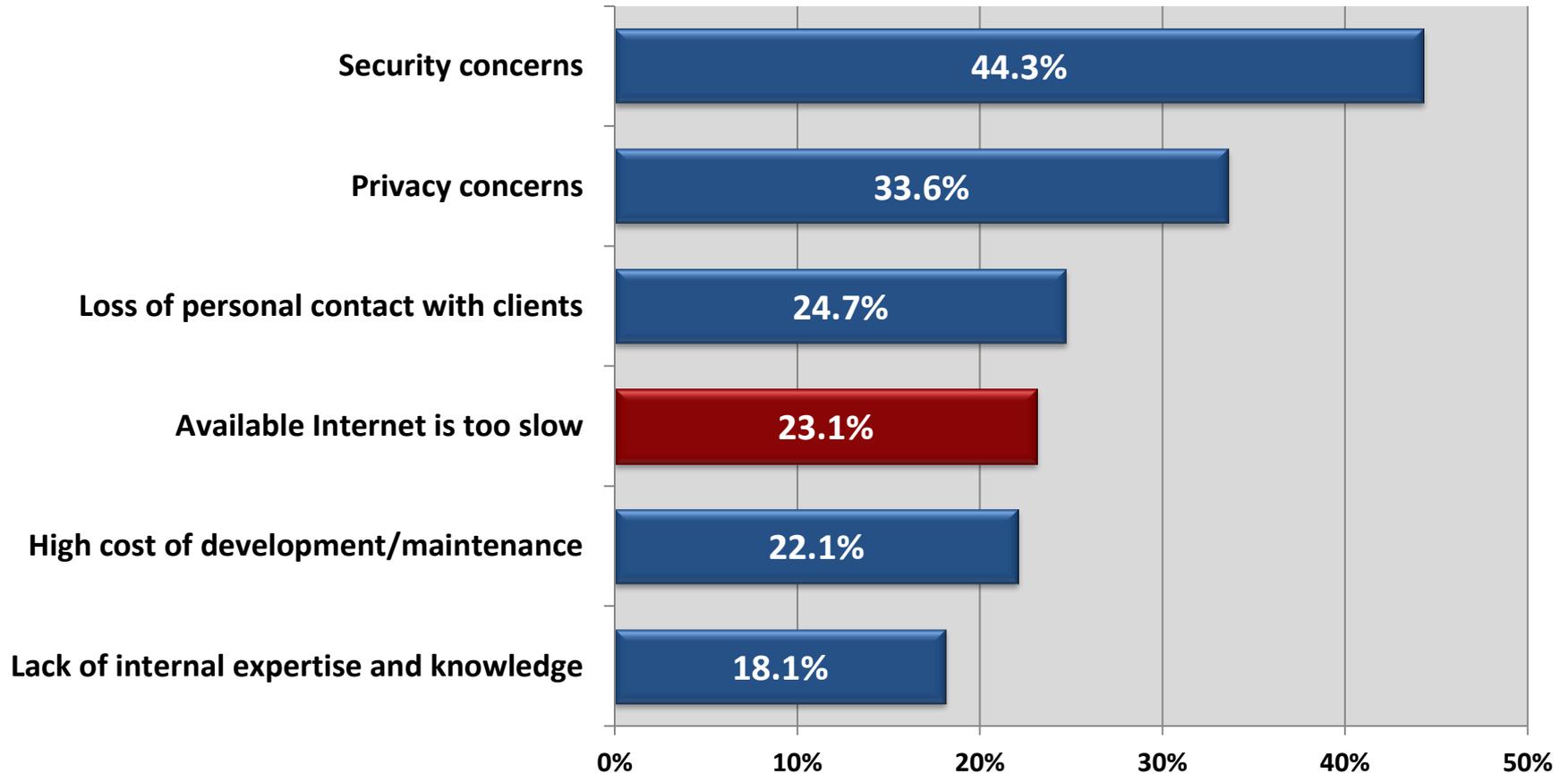
Adoption



Utilization

# The Biggest Barrier is Not Knowing

**Fear of the unknown overrules slow Internet as a barrier**



**Percentage of Establishments defining above barriers to using the Internet as “Very Important”**

N = 18,086

# Impact of Driving Utilization

## Waiting ... versus teaching

|   | Laissez-faire (A) | Driving Utilization (B) |
|---|-------------------|-------------------------|
| Year One                                | 10% uptake        | 12% uptake              |
| Year Three                              | 18% uptake        | 35% uptake              |
| Internal Rate of Return (IRR) at year 3 | 5%                | 24%                     |

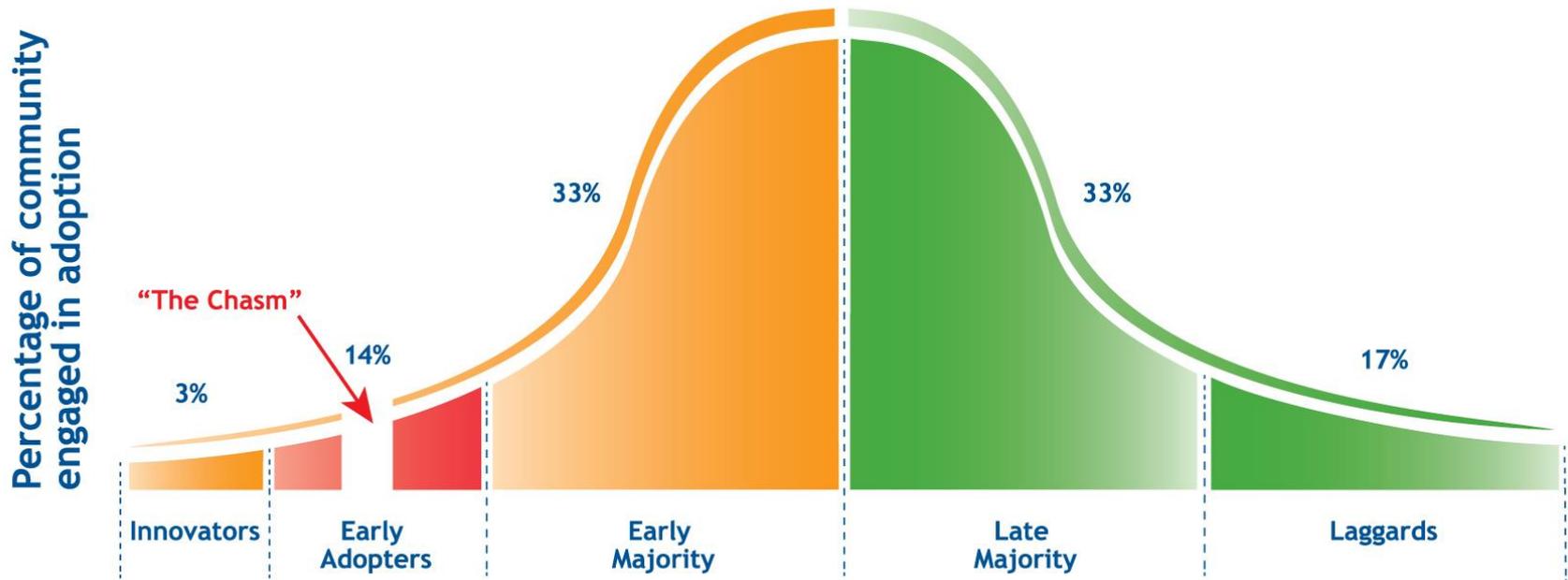
\* Financial profile of typical fiber network build. Source: Ventura Team LLP, [www.venturateam.com](http://www.venturateam.com)

# “Crossing the Chasm”

Why “build-it and they will come” does not work?

→ Because people buy benefits, not features

## Technology Adoption



... so driving awareness and utilization is the next challenge

# What's so hard about utilization?

| Quick to Adopt<br>'Laissez-faire' approach "Okay" | Slow to Adopt<br>Need to 'lead horse to water' |
|---|--|
| Household Applications                            | Household Applications                         |
| e-mail  | Entertainment                                  |
| Banking   | Investments and Trading                        |
| News and Sports                                   | VoIP   |
| Information gathering                             | Home Based Business                            |
| Business Applications                             | Business Applications                          |
| Buying Online                                     | Selling Online                                 |
| Basic Website                                     | Online media (video)                           |
| Research and accessing information                | Teleworking                                    |
| e-mail, document transfer                         | Delivering Content and Services                |
|   | Social Networking                              |

**BIGGEST BENEFITS**

# Why Drive Utilization?

**For an individual business or organization, increasing utilization by 10% means:**

-  Increasing revenues by 24%
-  Decreasing costs by 7%

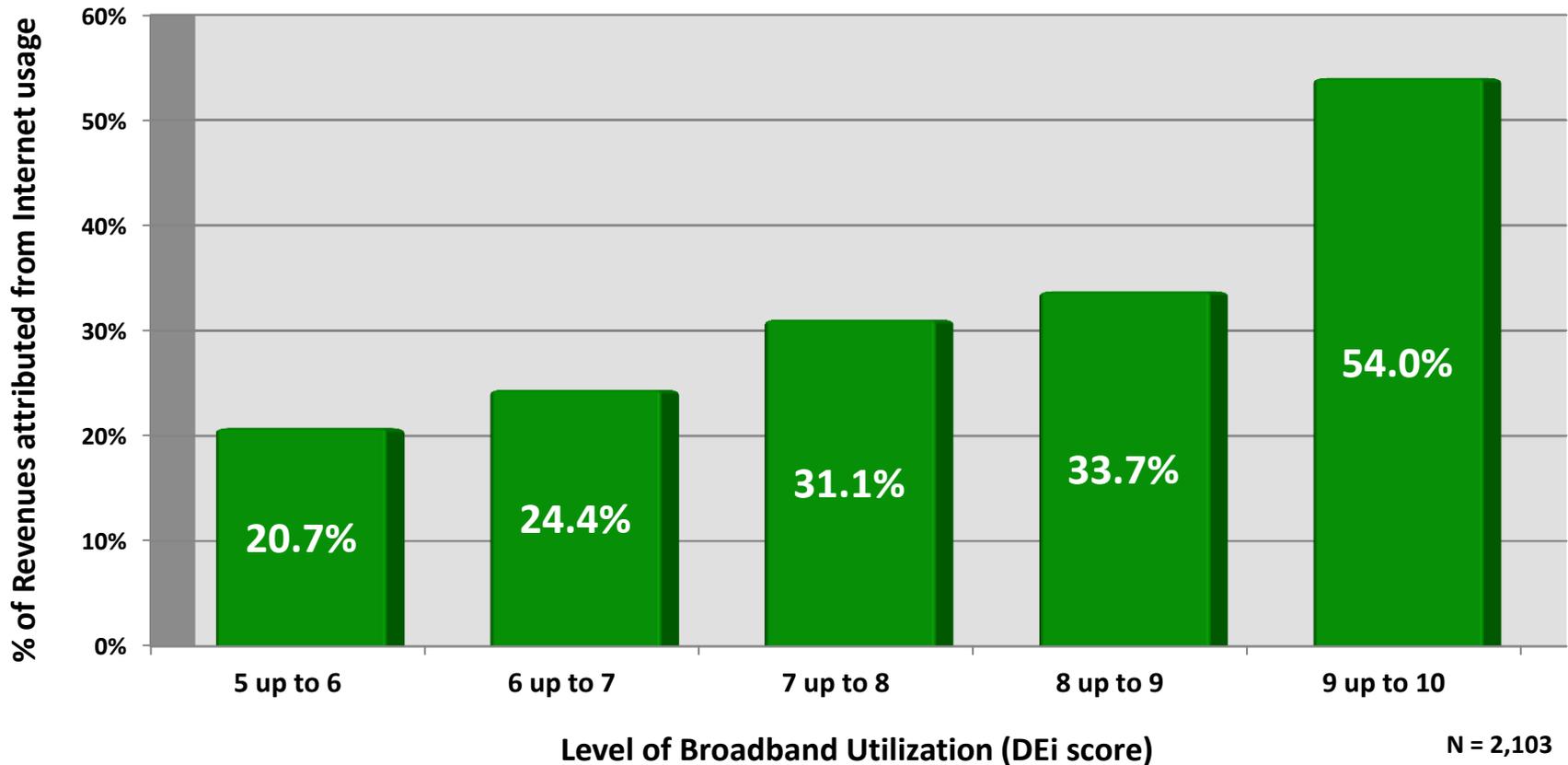
**For a Region, it means :**

-  Allowing businesses to be more competitive
-  Creating a demand for high-skilled workers
-  Adding fiscal revenues



# Increased Utilization Directly Correlates to Revenue Growth

## Contribution of Internet to Revenues / Level of utilization

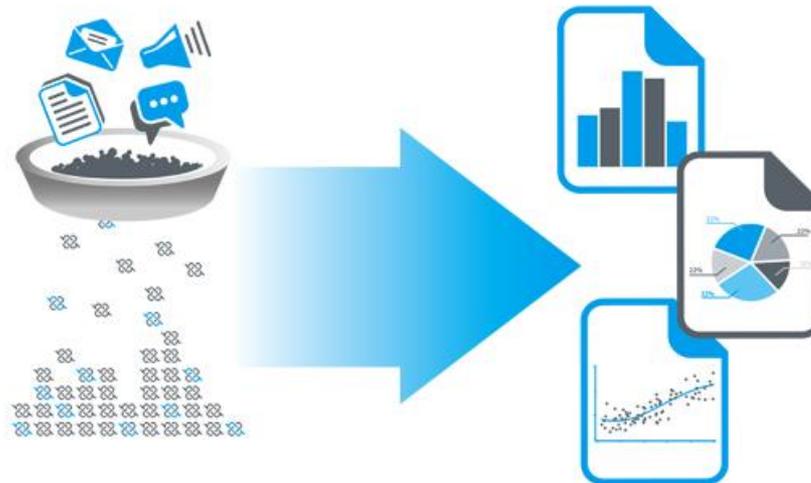


**Businesses underutilizing the Internet miss significant revenue opportunities**

# Active, Actionable Data Is the Key to Capitalizing on the Transformative Economic Benefits of Broadband

## The right metrics and data help you:

- Understand the local market demand for broadband
- Assess potential socio-economic impacts (community ROI)
- Develop an action plan for regions and individual businesses/organizations that will achieve desired results





## How Can You Achieve **Utilization**?

Lead with the **BENEFITS** of Applications

# Personalize Results: DEi Scorecard

## A DEi Scorecard is delivered to each business and organization

- Individualized 'broadband health check' that:
  - benchmarks competitiveness against peers
  - estimates ROI from increased utilization
  - provides links to local advisors and support
- Data based on the individual's current broadband utilization against industry average
- Shared with local economic development agencies so they can raise awareness, increase adoption, and drive utilization



This scorecard compares your current level of Internet use to other organizations of similar size in your industry sector. The Digital Economy index (DEi) is a score based on the Internet-enabled applications (e-solutions) that you use.

By using this scorecard you can uncover additional e-solutions that can bring the greatest potential impact to your organization through improved efficiencies, innovation, and increased profitability.

**Acme Parts Supply**  
MANASSAS PARK VA

Industry sector: Manufacturing / Processing  
Organization size: 20 - 49 employees

### Opportunities to improve your score

Increasing use of e-solutions (and your DEi score) improves your organization's productivity, competitiveness, and bottom-line - and how you rank against your peers.

Below are the top three e-solutions identified for your organization where the opportunity to drive new revenues and/or cost savings are the most significant.

| e-Solution                          | Annual Impacts* |                   |
|-------------------------------------|-----------------|-------------------|
|                                     | Percent         | Amount            |
| <b>Selling goods or services</b>    |                 | <b>\$ 561,880</b> |
| New revenues                        | 8.1%            | \$ 560,640        |
| Cost savings                        | 0.03%           | \$ 1,240          |
| DEi increase                        |                 | <b>0.78</b>       |
| <b>Advertising and promotion</b>    |                 | <b>\$ 345,460</b> |
| New revenues                        | 4.9%            | \$ 343,370        |
| Cost savings                        | 0.05%           | \$ 2,090          |
| DEi increase                        |                 | <b>0.58</b>       |
| <b>Customer service and support</b> |                 | <b>\$ 278,400</b> |
| New revenues                        | 3.6%            | \$ 253,750        |
| Cost savings                        | 0.56%           | \$ 24,650         |
| DEi increase                        |                 | <b>0.78</b>       |

**Total annual impacts from NEW e-solutions \$1,185,740 per year**

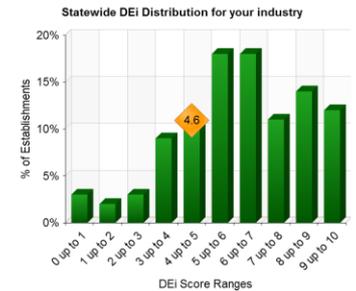
\* Based on averages for your industry and size. Actual results may vary.



The Digital Economy index (DEi) measures your current use of Internet-enabled applications (e-solutions) on a scale from 0 (none) to 10 (maximum).

Your DEi score: **4.6**

Your Industry Sector: **Manufacturing / Processing**  
Sector DEi: **6.2**



Percentage of organizations in your industry sector with a higher DEi score: **81.0%**

### Getting started

To get started now, please contact

**Ann Mills**  
your business adviser with our partner  
**Northern Region**  
email: [a.mills@northern.org](mailto:a.mills@northern.org)  
phone: (888) 555-1267

For 'actionable' background information on how you can benefit from e-solutions, please follow the link below:

**Actionable Information**  
To take the next step please follow the link below and an advisor will contact you.

Request for follow-up by an advisor

# North Georgia example

Economic Impact for **every 100 businesses trained** in North Georgia who adopt eSolutions:

| Industries                     | Aggregate additional revenues (annually) |
|--------------------------------|--|
| All Industries                 | \$7.2 Million                            |
| Manufacturing                  | \$17.5 Million                           |
| Professional and Tech Services | \$2.7 Million                            |
| Tourism                        | \$4.8 Million                            |

# DEi Impact Calculator

- choose e-strategy based on ROI -

## 1. Select your organization characteristics

Select your characteristics

| Industry                          | Employment Size | Annual Revenue | Annual Operating Cost |
|-----------------------------------|-----------------|----------------|-----------------------|
| Professional & Technical Services | 1 - 4           | 500,000        | 400,000               |

## 2. Select your actual and needed e-Solutions

Select your e-Solutions

| What are you currently using? | What e-solutions would you like to ADD? |
|-------------------------------|---|
| Access government information | Rich media or service creation          |
| Accessing collaborative tools | Selling goods or services               |
| Advertising and promotion     | Social networking                       |
| Banking and financial         | Staff training and skills development   |

# DEi Impact Calculator

- choose e-strategy based on ROI -

## 3. See your potential benefits from increased utilization

### Estimated Benefits from New e-Solutions

|                    |                         |                           |                   |
|--------------------|-------------------------|---------------------------|-------------------|
| <b>New Revenue</b> | <b>New Cost Savings</b> | <b>Annual Net Benefit</b> | <b>Add to DEi</b> |
| \$ 127,800         | \$ 9,640                | \$ 137,440                | 4.09              |

## 4. Details of potential revenues and cost savings

### Estimated Benefits from Individual Additional e-Solutions

| Type of e-Solution                      | Revenue   | Cost Saving | Net Benefit |
|---|-----------|-------------|-------------|
| Advertising and promotion               | \$ 45,100 | \$ 120      | \$ 45,220   |
| Web site for organization               | \$ 40,150 | \$ 1,920    | \$ 42,070   |
| Selling goods or services               | \$ 33,850 | \$ 320      | \$ 34,170   |
| Social networking                       | \$ 5,600  | \$ 240      | \$ 5,840    |
| Supplier communication and coordination | \$ 0      | \$ 5,720    | \$ 5,720    |
| Accessing collaborative tools           | \$ 3,100  | \$ 1,320    | \$ 4,420    |

# Driving Utilization Pays Off

## Driving utilization using the right data ...

|                                     |   |
|-------------------------------------|---|
| <b>Driving usage of e-Solutions</b> | Selling goods or services online; Website; Customer service online; Deliver services and content online |
| <b>Target industry sector</b>       | Professional & Technical Service firms*   |

## ... generates network sustainability AND economic benefits

|  | Incremental increase from Driving Utilization |
|--|---|
| <b>Network Net Present Value</b>                               | <b>14 %</b>                                   |
| <b>Sales revenue growth*</b><br>(aggregate of targeted sector) | <b>\$ 6,450,000</b>                           |
| <b>Increase in GDP*</b>  | <b>\$ 8,400,000</b>                           |
| <b>Increase in Tax Base*</b>                                   | <b>\$ 888,000</b>                             |

# The Elements of Success

**TO ENSURE**

**Economic Growth and quality of life from broadband**



**YOU NEED**



**Reliable, affordable BB**



**Responsive Customer Service**



**Meaningful utilization**



**Local ownership to drive economic development**



# Thank You



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## Let's connect !

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